

Indiabulls Commercial Credit Limited
May 08, 2020

Ratings:

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debentures	1,000 (Rs. One Thousand crore) (Reduced from Rs.2,000 crore)	CARE AA; Negative (Double A; Outlook: Negative)	Reaffirmed and Outlook changed to Negative
Subordinate Debt	500 (Rs. Five Hundred crore) (Reduced from Rs.1,200 crore)	CARE AA; Negative (Double A; Outlook: Negative)	Reaffirmed and Outlook changed to Negative
Public issue of secured redeemable non-convertible debentures	2,000 (Rs. Two Thousand crore) (Reduced from Rs.5,000 crore)	CARE AA; Negative (Double A; Outlook: Negative)	Reaffirmed and Outlook changed to Negative
Public issue of unsecured redeemable non-convertible debentures	Nil (Reduced from Rs.500 crore)	-	Withdrawn
Long Term Bank Facilities	8,000 (Rs. Eight Thousand crore) (Reduced from Rs.15,000 crore)	CARE AA; Negative (Double A; Outlook: Negative)	Reaffirmed and Outlook changed to Negative
Commercial Paper	500 (Rs. Five Hundred crore) (Reduced from Rs.8,000)	CARE A1+ (A One Plus)	Reaffirmed
Total	12,000 (Rs. Twelve Thousand crore)		

Details of instruments/facilities in Annexure-1

**At the company's request, CARE has withdrawn the ratings assigned to Rs.1,000 crore of NCD, Rs.700 crore of Subordinate Debt, Rs.3000 crore of Public issue of secured NCD, Rs.500 crore of Public issue of unsecured NCD, Rs.7,000 crore of Bank facilities as there is no outstanding against these instruments (instruments/facilities either repaid or un-availed).*

Detailed rationale & key rating drivers:

CARE has reaffirmed the ratings of various debt instruments and bank facilities of ICCL. The ratings assigned to various debt instruments of Indiabulls Commercial Credit Limited (ICCL) takes into account continued support from its parent, Indiabulls Housing Finance Limited (IBHFL). ICCL is a wholly owned subsidiary of IBHFL. The rating factors in strong operational and business linkages of ICCL with IBHFL. Further, CARE expects IBHFL to continue to support ICCL in terms of funding, management, common brand and operations over the medium term.

The ratings continue to factor in its established track record of IBHFL as one of the largest HFCs, experienced management, strong capitalisation levels, and strong liquidity profile of the company. The ratings are constrained on account of continued challenges faced by IBHFL in raising debt funds from the market resulting in reduction in diversification in its resources profile. While the company has been raising incremental funds largely from banks by way of bank lines and securitisation, the company has seen reduction in its financial flexibility in raising funds raised through capital market borrowings as the yields in the secondary market continue to remain at elevated levels. The market risk aversion was further aggravated by the Public interest litigation (PIL) filed against the company and the ability of company to maintain asset quality in current operating environment for the borrowers in real estate sector.

IBHFL on consolidated level has received sanctions of bank lines (including securitisation lines) of around Rs.7,000 crore during Q4FY20 (Q3FY20: ~Rs.8,000 crore). Company has seen pick up in disbursements of home loan and loan against property (LAP) during Q3FY20 (~Rs.5,000 crore as against ~Rs.4,000 crore during Q2FY20), however, they remain significantly lower than the levels seen prior to September 2018. While the company has plans to contain the operational expenses, profitability will be impacted in near term due to challenging macro environment on account of COVID-19 outbreak which is expected to slow down the overall business growth.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

The revision in outlook is on account of continued challenges faced by IBHFL in raising resources from diversified set of lenders on account of continued higher bond yields in the secondary market and significant fall in market capitalization which would further impact the financial flexibility of the company. These funding challenges are expected to continue in view of the current risk aversion among the lenders on the backdrop of lockdown and expectations of impact on asset quality especially in the wholesale loan portfolio.

Earlier, in February 2020, CARE had revised the ratings of ICCL to 'CARE AA; Stable' on account of reduction in diversification of resource profile and moderation of asset quality of IBHFL.

Rating Sensitivities

Positive Factors

- Improvement in credit risk profile of IBHFL
- Improvement in resource raising ability from diversified sources on a steady state basis to pre September 2018 levels.
- Improvement in asset quality parameters with Gross NPA below 1.00%

Negative Factors

- Deterioration in credit risk profile of IBHFL
- Deterioration in asset Quality Parameters with Gross NPA ratio of above 3%
- Deterioration in liquidity position with diminishing coverage of liquid assets to debt servicing from currently envisaged levels of one year.
- Significant impact on profitability on account of scale down of business / change in business model and/or due to change in operating environment.

Outlook: Negative

CARE has revised the Outlook of ICCL to 'Negative' from 'Stable' on account of continued reduction in the financial flexibility of IBHFL with reduction in diversification of resource profile on account of continued higher secondary bond market spreads, fall in market capitalization over the last few months which is likely to get further affected due to increased risk aversion on account of the current outbreak of COVID-19 and the nationwide lockdown which could impact the asset quality going forward. Going forward, given the tough operating environment for real estate & SME sectors on the back of expected lower economic growth, the asset quality and profitability of the company may come under pressure. The outlook would be revised to 'Stable' if the company is able to maintain the asset quality and the profitability at the current levels.

Detailed description of the key rating drivers

Key Strengths

Support from parent and strong operational and business linkages

ICCL is 100% owned subsidiary of IBHFL and therefore enjoys parent support with common key management, common business and credit team, treasury operations, branches and brand name.

Established track record of IBHFL as one of the largest HFCs and experienced management

IBHFL has a track record of over two decade and is one of the largest HFCs in India with AUM of Rs.1,02,335 crore as on December 31, 2019. The company has in place experienced management team headed by Mr. Sameer Gehlaut (Founder-Chairman and Executive Director). The operations are headed by Mr. Gagan Banga, (Vice-Chairman and Managing Director). The company has a team of senior management people with strong relevant experience and successful track record in their respective fields. The business teams for individual product segments also have experienced persons in their respective segments.

ICCL is wholly owned subsidiary of IBHFL and shares common management with IBHFL. ICCL's portfolio consists of LAP and Developer Loans.

Comfortable capitalization levels

IBHFL has been maintaining comfortable capitalization levels and reported tangible net worth of Rs.16,289 crore (consolidated) as on March 31, 2019. The company had moderate overall gearing level of 6.45 times (P.Y.: 7.97 times) and Net Gearing (adjusted for cash & cash equivalents) of 4.0 (P.Y.: 7.0) as on March 31,

2019. The company reported Capital Adequacy Ratio (CAR) (under Ind AS) of 26.49% (P.Y.:20.82%) with Tier I CAR: 19.81% (P.Y.: 15.07%) (assuming nil risk weight on investments in mutual funds) as on March 31, 2019. As on December 31, 2019, the company reported CAR of 28.98% with Tier I CAR of 22.60% with net gearing of 3.79 times and overall gearing of 4.79 times. The company has plans to raise capital in the near future which would further strengthen the capitalisation levels over the medium term and enable the company to maintain CAR well above regulatory requirement.

On standalone basis, IBHFL infused Rs.2,748 crore in ICCL, which led to increase in tangible Net-worth to Rs.4,371 crore as on March 31, 2019 from Rs.1,249 crore as on March 31, 2018. ICCL is moderately leveraged, with overall gearing at 2.10 times as on Dec 31, 2019 (March 31, 2019: 2.47 times) as compared to 4.60 times as on Dec 31, 2018.

Strong liquidity profile

IBHFL has been focusing on maintaining comfortable liquidity profile and has significantly reduced reliance on borrowing through Commercial Paper (CP) and is keeping adequate liquidity buffers. The asset liability maturity (ALM) profile as on December 31, 2019 was comfortable with no negative mismatch in up to one year bucket. As on December 31, 2019, the company had liquidity (cash + liquid investments) of Rs.16,567 crore which covered one year of debt servicing of around Rs.16,517 crore providing adequate cover. IBHFL's policy to have 15-20% of its total assets in cash & cash equivalent along with unutilized bank lines helps it in better liquidity management and manage tight liquidity scenario prevailing in the market.

Moderation in financial risk profile

IBHFL has seen AUM growth at a CAGR of 23% from Rs.52,235 crore as on March 31, 2015 to Rs.1,20,525 crore as on March 31, 2019. The growth momentum continued till H1FY19. However, since September, 2018, with the constrained market liquidity, IBHFL focused on maintaining adequate liquidity, reduced disbursements and reducing exposure to commercial real estate portfolio. IBHFL reported Profit after Tax (PAT) of Rs.4,091 crore on total income of Rs.17,027 in FY19 [refers to period from April 01 to March 31] as against PAT of Rs.3,895 crore on total income of Rs.14,959 crore in FY18 with Return on Total Assets (ROTA) of 3.12% as against 3.31%.

During 9MFY20 (refers to period from April 01 to December 31), the company saw reduced level of disbursements as compared to pre-September 2018 levels as the company focused on maintaining strong liquidity buffers. As a result, IBHFL's total income (consolidated) declined to Rs.10,393 crore as compared to Rs.12,817 crore during 9MFY19. Moderation in spreads along with contraction of loan book led to IBHFL reporting a decline of 33% in Profit After Tax (PAT) to Rs.2,063 crore for 9MFY20 as compared to PAT of Rs.3,084 crore for 9MFY19.

The profitability of the company would be impacted in the near term by write-down of its exposure of Rs.642 crore to Additional Tier I (AT I Bonds) of Yes Bank Limited. Reduction in operation costs, recovery from its bad accounts and maintaining credit costs due to any impact on asset quality due to lockdown would be critical for the profitability in the near term.

During FY19, ICCL on standalone basis reported PAT of Rs.323 crore on total income of Rs.1,761 crore as against PAT of Rs.269 crore on total income of Rs.928 crore and during 9MFY20 (refers to period from April 01 to Dec 31), it reported PAT of Rs.510 crore on total income of Rs.1,694 crore.

Key Weaknesses

Challenges in resource mobilization

In the recent times, the increased risk averseness in the market towards the NBFC / HFC sector has continued posing challenges in resource mobilization. IBHFL continues to face challenges in raising funds through capital market along with high yields on its instruments in the secondary market. The company has been able to raise funding mainly from public sector banks by way of on-balance sheet bank lines and securitisation lines in the last quarter which has reduced its financial flexibility with limited access to capital market borrowings. The company has been repaying as well as prepaying its debt resulting in total borrowings (consolidated) reducing to Rs.80,007 crore as on December 31, 2019 (March 31, 2019: Rs.1,04,988 crore) with overall gearing of 4.79 times (March 31, 2019: 6.45 times). During Q4FY20 (refers to period from January 01 to March 31), the

company has received sanctions of bank facilities of around Rs.7,000 crore (Q3FY20:Rs.8,000 crore) including securitisation lines.

As on March 31, 2019, ICCL's borrowing stood at Rs.10,807 crore (P.Y.: Rs.7,041 crore) in the form of Bank facilities (74.0%), NCD's (20.5%), Sub Debt (3.2%) and ICD's (2.3%).

Moderation in asset quality

IBHFL has shown moderation in its asset quality and reported Gross NPA ratio of 0.88% (P.Y.: 0.77%) and Net NPA ratios on AUM basis of and 0.69% (P.Y.: 0.34%) respectively as on March 31, 2019. During 9MFY20, while the asset quality of the retail home loan and loan against property (LAP) portfolio has remained Stable, it has witnessed slippages in the commercial credit loan portfolio which were larger in ticket size. As a result, IBHFL's Gross NPA ratio increased to 1.94% and Net NPA ratio 1.39% as on December 31, 2019. The company's net NPA to tangible net worth ratio stood at 8.51% as on December 31, 2019. Further, as it in a transition to phase of its business model, the company expects the Gross NPA levels to remain more or less at similar levels. Although, IBHFL has been able to have recoveries in some of NPA accounts in the past, considering the slowdown in real estate market and corporate funding, any higher than expected slippages would be a key rating sensitivity.

As on June 30, 2019, ICCL reported Gross NPA ratio of 1.58% (March 31, 2019: 1.12%) and Net NPA ratios on AUM basis of 1.20% (March 31, 2019: 0.84%) as against Gross NPA of 0.49% and Net NPA of 0.32% as on June 30, 2018. The moderation in asset quality of ICCL is majorly on account of Slippages in Corporate mortgage loan segment. ICCL's Net NPA to tangible Net-worth ratio stood at 4.28% as on June 30, 2019 (March 31, 2019: 3.40%) as against 1.52% as on June 30, 2018.

Exposure to relatively riskier business segments like corporate mortgage loans (mainly real estate loans); although decreasing

IBHFL has significant exposure to Corporate mortgage Loans which majorly consists of Construction Finance and Lease Rental Discounts which constitutes 16% of total AUM as on June 30, 2019 as against 16.9% as on March 31, 2019 and 21.2% as on March 31, 2018. The exposure is reducing in line with IBHFL's plans to reduce the corporate loan book. As on March 31, 2019, IBHFL's top 20 group exposure stood constituted 102.9% of total Net-worth which poses high concentration risk.

CARE notes that IBHFL plans to reduce the Commercial credit book by ~Rs.5,000 crore in near term.

Developments on the new business model to be monitored

IBHFL has been able to establish itself as a large Housing finance company in last two decades on the back of large on balance-sheet lending growth, the company's plan to move to asset light model, which will depend on co-origination and securitization. The company has been able to develop a franchise and distribution business for lending in past and its execution under the new business model needs to be monitored.

The company is in a transition phase with change in its business model to be asset-light. The company would shift to a business model wherein it will focus on retail portfolio and majority of the assets under management (AUM) would be off-balance sheet with higher proportion of portfolio being built through co-origination and securitization tie-ups with banks. Company's execution on this front on a large scale needs to be seen. Further, the company plans to significantly run-down its commercial real estate portfolio over the next few years.

Analytical Approach: CARE has analyzed ICCL's credit profile by considering the consolidated financial statements of IBHFL owing to financial and operational linkages between the parent and its subsidiaries and common management. List of entities considered for consolidated analysis are mentioned in Annexure 3.

Applicable Criteria

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[CARE's criteria for Housing Finance Companies](#)

[Financial ratios – Financial sector](#)

[Criteria for Short term Instruments](#)

[Factoring linkages in ratings](#)

Liquidity Profile: Strong

As on December 31, 2019, IBHFL's ALM showed no negative mismatch upto 1 year bucket. The company maintains liquidity of at least one year debt repayments as a policy. As on December 31, 2019, IBHFL maintained total liquidity of ~Rs.16,567 crore in the form of Mutual Fund, Certificate of Deposits / Bank Bonds, Bank balances & Fixed Deposits and other liquid investments which covers next one year scheduled repayments of ~Rs.16,517, providing adequate cover.

About IBHFL

IBHFL is registered with National Housing Board (NHB), and is engaged in the business of mortgage finance (home loans, loan against property and lease rental discounting), and corporate mortgage loans. IBHFL's portfolio consists of mortgage finance (housing loan and LAP) (84% of consolidated AUM of Rs.1,02,335 crore as on December 31, 2019) and corporate mortgage loans (16% of AUM) which is lease rental discounting and residential construction finance. Mr. Sameer Gehlaut is the Founder, Chairman and Executive Director and is supported by Mr. Gagan Banga, Vice Chairman and Managing Director and the rest of the team.

(Rs. crore)

Brief Financials (Consolidated) - IBHFL		
	FY18 (A)	FY19 (A)
	Ind AS	Ind AS
Total income	14,959	17,027
PAT	3,895	4,091
Asset under management (AUM)	1,22,233	1,20,525
Total Assets (net of intangibles)	1,32,071	1,29,910
Net NPA (%) [on AUM basis]	0.34	0.69
ROTA (%)	3.31	3.12

A; Audited

About ICCL

Incorporated on July 7, 2006, as 'Indiabulls Infrastructure Credit Limited', Indiabulls Commercial Credit Ltd. (ICCL – NBFCND-SI) is a wholly-owned subsidiary of Indiabulls Housing Finance Ltd. (IBHFL; rated 'CARE AAA; Stable'). The company was renamed to 'Indiabulls Commercial Credit Limited' in 2015. As on Dec 31, 2019, ICCL's AUM of Rs.15,765 crore consists of Loan against Property loans (53%) and corporate mortgage Loans (47%) which includes Real estate, Lease rental discounting.

(Rs. Crore)

Brief Financials (Standalone) - ICCL		
	FY18 (A)	FY19 (A)
	Ind AS	Ind AS
Total income	928	1,761
PAT	269	323
Asset under management (AUM)	8,264	17,598
Total Assets (net of intangibles)	8,488	17,102
Net NPA (%)	0.40	0.84
ROTA (%)	4.32	2.52

A; Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	ISIN	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Rating assigned along with rating outlook
Debentures - Non-convertibles Debentures	08-Jul-16	INE244L07028	9.05%	07-Jul-23	40	CARE AA; Negative
Debentures - Non-convertibles Debentures	29-Jun-18	INE244L07044	8.85%	29-Jun-21	200	CARE AA; Negative
Debentures - Non-convertibles Debentures (Proposed)	NA	-	NA	NA	760.00	CARE AA; Negative
Debt - Subordinate Debt	08-Nov-17	INE244L08018	8.45%	08-Nov-27	60	CARE AA; Negative
Debt - Subordinate Debt	05-Jan-18	INE244L08059	8.45%	05-Jan-28	50	CARE AA; Negative

Debt - Subordinate Debt	30-Nov-17	INE244L08026	8.45%	30-Nov-27	40	CARE AA; Negative
Debt - Subordinate Debt	02-May-18	INE244L08059	8.80%	02-May-28	100	CARE AA; Negative
Debt - Subordinate Debt	28-Mar-18	INE244L08042	8.85%	28-Mar-28	100	CARE AA; Negative
Debt - Subordinate Debt	02-May-19	INE244L08042	9.71%	28-Mar-28	5	CARE AA; Negative
Debt - Subordinate Debt (Proposed)	NA	-	NA	NA	145	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured)	25-Sep-18	INE244L07127	8.66%	25-Sep-23	20.73	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured)	25-Sep-18	INE244L07150	8.75%	25-Sep-28	0.06	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured)	25-Sep-18	INE244L07093	8.80%	25-Sep-21	901.09	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured)	25-Sep-18	INE244L07168	8.84%	25-Sep-28	12.4	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured)	25-Sep-18	INE244L07135	8.90%	25-Sep-23	0.91	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured)	25-Sep-18	INE244L07101	8.90%	25-Sep-21	947.32	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured)	25-Sep-18	INE244L07143	9%	25-Sep-23	75.22	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured)	25-Sep-18	INE244L07176	9.10%	25-Sep-28	0.35	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured)	25-Sep-18	INE244L07184	9.20%	25-Sep-28	13.96	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured) - ZCB	25-Sep-18	INE244L07051	0.00%	25-Sep-20	0.1	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured) - ZCB	25-Sep-18	INE244L07077	0.00%	25-Sep-21	0.07	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured) - ZCB	25-Sep-18	INE244L07069	0.00%	25-Sep-20	8.73	CARE AA; Negative
Public Issue of Non-convertibles Debentures (Secured) - ZCB	25-Sep-18	INE244L07085	0.00%	25-Sep-21	19.07	CARE AA; Negative
Bank Facilities-Fund Based - LT-Term loan	-	-	-	10-Jun-23	8,000	CARE AA; Negative
Commercial Paper	-	-	-	7 Days to 1 year	500	CARE A1+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Rated Amount (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	1,000	CARE AA; Negative	1) CARE AA; Stable (15-Feb-20) 2) CARE AA+; Negative (18-Oct-19) 3) CARE AA+ (Credit Watch with developing implications (24-Sep-19) 4) CARE AAA (Credit Watch	1) CARE AAA; Stable (06-Jul-18)	1) CARE AAA; Stable (15-Mar-18) 2) CARE AAA; Stable (02-Nov-17) 3) CARE AAA; Stable (17-Jul-17)	1) CARE AA+ (23-Nov-16) 2) CARE AA+ (14-Jul-16)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Rated Amount (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
					with developing implications (12-Apr-19)			
2.	Fund-based - LT-Term Loan	LT	8,000	CARE AA; Stable	1) CARE AA; Stable (15-Feb-20) 2) CARE AA+; Negative (18-Oct-19) 3) CARE AA+ (Credit Watch with developing implications (24-Sep-19) 4) CARE AAA (Credit Watch with developing implications (12-Apr-19)	1) CARE AAA; Stable (06-Jul-18)	1) CARE AAA; Stable (27-Mar-18) 2) CARE AAA; Stable (17-Jul-17)	1) CARE AA+ (23-Nov-16)
3.	Debt-Subordinate Debt	LT	500	CARE AA; Stable	1) CARE AA; Stable (15-Feb-20) 2) CARE AA+; Negative (18-Oct-19) 3) CARE AA+ (Credit Watch with developing implications (24-Sep-19) 4) CARE AAA (Credit Watch with developing implications (12-Apr-19)	1) CARE AAA; Stable (06-Jul-18)	1) CARE AAA; Stable (15-Mar-18) 2) CARE AAA; Stable (02-Nov-17)	
4.	Commercial Paper issue	ST	500	CARE A1+	1) CARE A1+ (15-Feb-20) 2) CARE A1+ (18-Oct-19) 3) CARE A1+ (24-Sep-19) 4) CARE A1+ (12-Apr-19)	1) CARE A1+ (25-Jul-18) 2) CARE A1+ (12-Sep-18)		
5.	Public issue of secured redeemable non-convertible debentures	LT	2,000	CARE AA; Stable	1) CARE AA; Stable (15-Feb-20) 2) CARE AA+; Negative (18-Oct-19)	1) CARE AAA; Stable (14-Jan-19) 2) CARE AAA; Stable (17-Aug-18)		

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Rated Amount (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
					3) CARE AA+ (Credit Watch with developing implications (24-Sep-19) 4) CARE AAA (Credit Watch with developing implications (12-Apr-19)			
6.	Public issue of unsecured redeemable non-convertible debentures	LT	-	Withdrawn	1) CARE AA; Stable (15-Feb-20) 2) CARE AA+; Negative (18-Oct-19) 3) CARE AA+ (Credit Watch with developing implications (24-Sep-19) 4) CARE AAA (Credit Watch with developing implications (12-Apr-19)	1) CARE AAA; Stable (14-Jan-19)		

Annexure-3: Entities considered for consolidation

Company Name	Extent of consolidation	Rationale for consolidation
Indiabulls Commercial Credit Limited	Full	Subsidiary
Indiabulls Collection Agency Limited	Full	Subsidiary
Ibulls Sales Limited	Full	Subsidiary
Indiabulls Insurance Advisors Limited	Full	Subsidiary
Nilgiri Financial Consultants Limited	Full	Subsidiary
Indiabulls Capital Services Limited	Full	Subsidiary
Indiabulls Advisory Services Limited	Full	Subsidiary
Indiabulls Asset Holding Company Limited	Full	Subsidiary
Indiabulls Asset Management Company Limited	Full	Subsidiary
Indiabulls Trustee Company Limited	Full	Subsidiary
Indiabulls Holdings Limited	Full	Subsidiary
Indiabulls Venture Capital Management Company Limited	Full	Subsidiary
Indiabulls Venture Capital Trustee Company Limited	Full	Subsidiary
Indiabulls Asset Management Mauritius	Full	Subsidiary
IBHFL Lender Repayment Trust	Full	Subsidiary
OakNorth Holdings Limited	Partial*	Associate

*IBHFL owns 16.7% in OakNorth Holdings Limited as on March 31, 2019

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarification

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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